

# My Neighborhood...



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Cost of Development Element

# OUR COMMUNITIES AND NEIGHBORHOODS

## Cost of Development Element

### Introduction

The Cost of Development Element identifies policies and strategies that Chandler will use to require new development to pay its fair share toward the cost of additional public service needs generated by that new development, with appropriate exceptions when in the public interest.

Implementation of the Cost of Development Element ensures that Chandler has an enhanced source of revenues to provide for new capital facilities, consistent with master plans identified in other General Plan elements. Without contribution from developers and the City, newly developing areas of the City might not be provided services because of fiscal constraints on the City. The lack of financial resources could even preclude development in certain areas of the community.

### Current Situation

The City of Chandler has long required developers to construct streets, sewers, water mains, drainage facilities and other improvements in and adjacent to their developments. In the 1980's, the City adopted water and sewer development fees designed to pay for major transmission and trunk lines as well as water production and wastewater treatment facilities. These fees were designed to ensure that developers were paying their fair share of the costs of water and sewer capital improvements for new residential and non-residential development without burdening ratepayers. Since that time the City has enacted a variety of additional development fees to pay for the capital costs of new water resources, reclaimed water systems, arterial streets, community parks and other general governmental needs. The City and/or recognized experts in the field of public finance have established system development charges and fees through detailed analysis. Fee schedules have been updated periodically to ensure fairness and to reflect updated capital improvement programs.

In addition to system development fees, the City uses a wide variety of financing mechanisms to fund public services and improvements necessary to serve new development. These mechanisms include:

- Bonded debt that is comprised of general obligation bonds, revenue bonds, certificates of participation notes and municipal property corporation bonds. Bonded debt is used to finance public projects that are too large to fund on a “pay as you go” basis. Development fees, user fees, property taxes and similar sources are used to repay the bonds over time.
- Special taxing districts, such as improvement districts, have been used by the City to finance various street and utility improvements. These districts can be used to accelerate capital improvements in newly developing areas of the City or where the City lacks funds to undertake the improvements. Property owners are largely responsible for repaying bonds associated with special taxing districts through property tax assessments.
- Facility construction by developers and landowners is also a common mechanism. Developers receive credit toward development fees or other City charges for the value of the improvements constructed or enter into repayment agreements.
- Dedication of land is a common method used to widen streets or reserve land for open space or parks. Landowners making such dedications may receive credits against City development fees or charges.

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### Future Trends

The City of Chandler will continue to grow over the next few decades as well as the need for additional capital improvements. In fact, much of the City's future growth will occur in the areas that lack adequate existing infrastructure.

### Planning Issues

To ensure the fiscal health of Chandler as it rapidly grows in the future, mechanisms have been instituted to require new development to pay its fair share of the cost of public services. Capital improvement programs have been and will continue to be coordinated with City growth and development plans in order to provide services to the citizenry.

### Goals, Objectives and Policies

**GOAL: CONTINUE TO MANAGE THE FISCAL AND CAPITAL IMPACTS RESULTING FROM NEW DEVELOPMENT.**

**OBJECTIVE:** Continue to develop plans to finance the costs associated with expansion of City operations.

**Policy:** Continue to maintain a Capital Improvement Program (CIP) to identify and prioritize needed City improvements.

**GOAL: CONTINUE TO ENSURE THAT NEW DEVELOPMENT PAYS ITS FAIR SHARE OF THE ADDITIONAL COSTS OF PUBLIC SERVICES.**

**OBJECTIVE:** Continue to ensure that adopted system development fees and facility and utility improvement policies bear a reasonable relationship to the burden imposed on the City to provide services to new development.

**Policy:** Continue to require all new development to contribute or construct new public facilities within or adjacent to the development consistent with City code.

**Policy:** Continue to require all new development to construct or provide funds for its proportional share of the cost of regional facilities necessary to serve the development.

**Policy:** Continue to update development fee studies on a regular basis to ensure the reasonableness of fees.

**Policy:** Continue to maintain all revenues from system development fees in separate funds and use the funds only to construct facilities for which the fees were collected.